



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 11, 2015

MEMORANDUM

To: The Commission

Through: Alec Palmer
Staff Director

From: Patricia C. Orrock *PCO*
Chief Compliance Officer

Thomas E. Hintermister *TH*
Assistant Staff Director
Audit Division

Rickida Morcomb *by MIF*
Audit Manager

Marty Favin *MIF*
Audit Manager

By: Michelle Grant *MG*
Lead Auditor

Subject: Audit Division Recommendation Memorandum on Amodei for Nevada
(AFN) (A13-03)

Pursuant to Commission Directive No. 70 (FEC Directive on Processing Audit Reports), the Audit staff presents its recommendation below and discusses the finding in the attached Draft Final Audit Report (DFAR). The Office of General Counsel has reviewed this memorandum and concurs with the recommendation.

Misstatement of Financial Activity

In response to the Interim Audit Report, AFN filed an amendment that materially complied with the recommendation. AFN did not file an additional response to the DFAR.

The Audit staff recommends that the Commission find that AFN misstated their financial activity for calendar year 2012.

AFN did not request an audit hearing.

If this memorandum is approved, a Proposed Final Audit Report will be prepared within 30 days of the Commission's vote.

In case of an objection, Directive No. 70 states that the Audit Division Recommendation Memorandum will be placed on the next regularly scheduled open session agenda.

Documents related to this audit report can be viewed in the Voting Ballot Matters folder. Should you have any questions, please contact Michelle Grant or Rickida Morcomb at 694-1200.

Attachment:

- Draft Final Audit Report of the Audit Division on Amodei for Nevada

cc: Office of General Counsel



Draft Final Audit Report of the Audit Division on Amodei for Nevada

(May 11, 2011 – December 31, 2012)

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act¹ (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.² The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to the matter discussed in this report.

About the Campaign (p. 2)

Amodei for Nevada is the principal campaign committee for Mark Amodei, Republican candidate for the US House of Representatives from the state of Nevada, 2nd District, and is headquartered in Carson City, Nevada. For more information, see the Campaign Organization Chart, p. 2.

Financial Activity (p. 2)

• Receipts	
○ Contributions from Individuals	\$ 612,917
○ Contributions from Political Committees	693,646
○ Transfers from Other Authorized Committees	956
○ Offsets to Operating Expenditures	4,039
Total Receipts	\$ 1,311,558
• Disbursements	
○ Operating Expenditures	\$ 1,122,607
○ Transfers to Other Authorized Committees	4,500
○ Contribution Refunds	2,350
○ Other Disbursements	1,250
Total Disbursements	\$ 1,130,707

Finding and Recommendation (p. 3)

- Misstatement of Financial Activity

¹ On September 1, 2014, the Federal Election Campaign Act of 1971, as amended ("the Act"), was transferred from Title 2 of the United States Code to new Title 52 of the United States Code.

² 52 U.S.C §30111(b) (Formerly 2 U.S.C. §438(b)).

Draft Final Audit Report of the Audit Division on Amodei for Nevada

(May 11, 2011 - December 31, 2012)



DRAFT

Table of Contents

	Page
Part I. Background	
Authority for Audit	1
Scope of Audit	1
Part II. Overview of Campaign	
Campaign Organization	2
Overview of Financial Activity	2
Part III. Summary	
Finding and Recommendation	3
Part IV. Finding and Recommendation	
Misstatement of Financial Activity	4

DRAFT

Part I

Background

Authority for Audit

This report is based on an audit of Amodei for Nevada (AFN), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 52 U.S.C. §30111(b) (formerly 2 U.S.C. §438(b)), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 52 U.S.C. §30104 (formerly 2 U.S.C. §434). Prior to conducting any audit under this subsection, the Commission must perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act. 52 U.S.C. §30111(b) (formerly 2 U.S.C. §438)

Scope of Audit

Following Commission-approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. the receipt of excessive contributions;
2. the receipt of contributions from prohibited sources;
3. the disclosure of contributions received;
4. the disclosure of individual contributors' occupation and name of employer;
5. the consistency between reported figures and bank records;
6. the completeness of records; and
7. other campaign operations necessary to the review.

Part II

Overview of Campaign

Campaign Organization

Important Dates	
• Date of Registration	May 9, 2011
• Audit Coverage	May 11, 2011 – December 31, 2012
Headquarters	Carson City, Nevada
Bank Information	
• Bank Depositories	One
• Bank Accounts	One
Treasurer	
• Treasurer When Audit Was Conducted	Nicola Neilon
• Treasurer During Period Covered by Audit	Nicola Neilon
Management Information	
• Attended Commission Campaign Finance Seminar	No
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash-on-hand @ May 11, 2011	\$ 0
Receipts	
○ Contributions from Individuals	612,917
○ Contributions from Political Committees	693,646
○ Transfers from Other Authorized Committees	956
○ Offsets to Operating Expenditures	4,039
Total Receipts	\$ 1,311,558
Disbursements	
○ Operating Expenditures	1,122,607
○ Transfers to Other Authorized Committees	4,500
○ Contribution Refunds	2,350
○ Other Disbursements	1,250
Total Disbursements	\$ 1,130,707
Cash-on-hand @ December 31, 2012	\$ 180,851

Part III

Summary

Finding and Recommendation

Misstatement of Financial Activity

During audit fieldwork, a comparison of AFN's reported financial activity with its bank records revealed a misstatement of ending cash-on-hand in 2012. AFN overstated ending cash-on-hand by \$7,700. In response to the Interim Audit Report recommendation, AFN amended its most recently filed disclosure report to correct the misstatement.

(For more detail, see p. 4.)

DRAFT

Part IV

Finding and Recommendation

Misstatement of Financial Activity

Summary

During audit fieldwork, a comparison of AFN's reported financial activity with its bank records revealed a misstatement of ending cash-on-hand in 2012. AFN overstated ending cash-on-hand by \$7,700. In response to the Interim Audit Report recommendation, AFN amended its most recently filed disclosure report to correct the misstatement.

Legal Standard

Contents of Reports. Each report must disclose:

- The amount of cash-on-hand at the beginning and end of the reporting period;
- The total amount of receipts for the reporting period and for the election cycle ; and
- The total amount of disbursements for the reporting period and for the election cycle; 52 U.S.C. §30104(b)(1), (2), and (4) (formerly 2 U.S.C. §434(b)(1), (2), and (4)).

Facts and Analysis

A. Facts

During audit fieldwork, the Audit staff reconciled AFN's reported financial activity with its bank records for calendar years 2011 and 2012. This review indicated that the ending cash-on-hand balance in 2012 was overstated by \$7,700. The \$7,700 overstatement of the ending cash-on-hand balance in 2012 resulted primarily from unreported disbursements.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed the misstatement for 2012 with AFN's representative during the exit conference and provided copies of relevant work papers detailing the misstatement.

The Interim Audit Report recommended that AFN amend its most recently filed disclosure report to correct the cash-on-hand balance with an explanation that the change resulted from a prior period adjustment. Further, it was recommended that AFN reconcile the ending cash-on-hand balance of its most recent report to identify any subsequent discrepancies that may affect the cash-on-hand balance.

C. Committee Response to Interim Audit Report

In response to the Interim Audit Report recommendation, AFN amended its most recently filed disclosure report. This amended report corrected the misstated cash-on-hand balance.